

**City of Florence  
State of the City & Budget Address**

**Mayor Diane E. Whalen**

**June 9, 2009**

Each year, by law, the Mayor is required to present a budget message as well as a report on the State of the City. As I have done for the past several years, I have chosen to combine the two.

This address will provide you with financial information, update you on personnel changes, highlight the projects we have completed, report on the projects in process, communicate the progress in our city and take a look at our future.

This budget year brings with it many unknowns. As we hear about the challenges facing businesses, individuals, and governments throughout the country, Florence is fortunate that, through careful budgeting and acting cautiously on new spending over the years, we have remained fiscally sound, though we are not immune from the national economic realities.

Every year we evaluate our resources to ensure that the City operates in the most efficient manner possible. We have taken an

extremely conservative approach to our expenditures so that the City can continue to provide the services our residents have come to rely on. Our budgeting process ensures that we do not automatically increase departmental expenditures each year, rather our Department Heads are normally required to begin the budgeting process with no increase in their line items. They then submit requests for additional funds for specific purposes. Some of these requests are funded while others are not. This means we are constantly looking for ways that we can operate our departments more efficiently. In light of the recent economic climate we again took a hard look at our expenditures. This year we asked department heads to start the budget process with a reduction to their bottom lines. We then asked for closer oversight of their travel and training line item. In an effort to hold costs until we see what the economy has in store for us over the next year, we made some tough decisions with respect to our work force. During the last year the City eliminated four full time positions in our IT department and outsourced the work. Additionally, we have not filled four full time and two part-time positions and intend to keep those positions unfilled until we have a clearer view of future budget realities and as we continue to evaluate our needs for staffing. We are also making

some changes to our employee benefits that will impact our personnel costs in the future.

The General Fund budget expenditures totals \$34.3 million for all operating and capital expenditures including transfers to other City funds for operations of the golf course and aquatic center. The operating expenditures are \$20.4 million and are projected to increase .01% over those budgeted for fiscal year 2009. The City also has planned expenditures for capital items in the amount of \$13.4 million, which includes a carryover from 2008-2009 of \$6 million.

In early May, the City Council held a budget retreat to discuss the annual planned expenditures for each of the City departments, along with the capital projects that we plan to complete for fiscal year 2010. Each department head used this opportunity to present the budgetary issues facing their operations for the coming year. They also responded to questions and concerns raised by Council about their requests for funds and the necessity for the capital projects requested. The City is presenting a budget that follows our conservative budgetary principles, remains financially sound, and allows service delivery to occur in the manner our residents have come to expect.

The budget for fiscal year 2010 represents a comprehensive spending plan for all City funds. Due to changes in Government Accounting Standards Board policies, the equipment replacement and capital improvement funds have been incorporated in the City's General Fund. This change will result in the capital needs of the City now being part of the General Fund budget creating a General Fund Balance of \$53.5 million including reserves. These reserves have increased in total but a portion of these monies will be segregated by an action of the City Council to maintain their intended purposes for the future capital expenditures of the City. The budget reflects all known and estimated increases in costs as well as the estimated projections for the various sources of revenues. As the economy continues to shift and find its footing, these numbers will be subject to continued analysis and review. Our occupational license fees, insurance premium tax, payroll tax receipts and real estate tax revenues are all dependant on the economic conditions. City Council is provided with a monthly financial report which shows variances between expected revenues and expenditures so Council is able to monitor whether the current budget will need any adjustments.

In order to maintain public confidence in the fiscal stability of the City, a Comprehensive Annual Financial Report of the City's financial records is prepared each year by our Finance Director and that report is then audited by an independent audit firm. The report and results of the audit are used by Council and by rating agencies to evaluate the City's financial condition. The City's Comprehensive Report has been recognized once again by the Government Finance Officers Association for excellence in financial reporting. My personal thanks go to Linda Chapman and her staff for all the hard work required continuing to receive this prestigious award for the City.

The City is fortunate that we continue to experience growth and development in light of the economic downturn we have experienced since last fall. In the City of Florence for 2008, total construction costs were just over \$37.3 million, down from \$72.7 million the year prior. 51 building permits for new housing units were issued during the year totaling more than \$7.3 million, down from 84 building permits and \$13.5 million in new housing starts in 2007. The City of Florence is now the 9<sup>th</sup> largest city in the Commonwealth, with a population of 27,281. During the past year, the City of Florence grew by nearly 3.5 acres through the annexation of the parcels

of property at US 42 and Pleasant Valley Road. Finally, we are located in the fourth largest county in Kentucky with a population totaling 115,231 residents.

This year, in the Office of the Mayor, we welcomed Josh Wice as our new Business & Community Development Director, and in Finance, we welcomed Mike Kreate as our new Occupational License Inspector, Dimitri Baloglou as Risk Manager, and Liz Molina as Finance Clerk.

The police department saw the hiring of two new officers this year: Samantha Riley and Joe Schulzens. In addition to the new hires in the police department, Jeff Mallery was promoted to Sergeant and Jason Reed was promoted to Corporal.

In the public services department, Matt Mullikin was promoted to building manager, Josh Hunt was promoted to Project Administrator, and Tom Gagnon was promoted to Inspector. Also, two new employees were hired in public services: we welcome Jordan Sullivan and Darin Urlage.

And, finally, in the fire department, we hired four new firefighters: Christopher Fuhrmann, Joseph Marcum, Samuel Menke, and Joseph Schrand. Battalion Commander Steve Corry retired after 24 years of service to the City, and volunteer Tom Spille retired after 14 years of service.

Elliott Cross was promoted to Battalion Commander, John Black to Captain, and James Broughton to Lieutenant. We were also very excited for the safe return of Firefighter/Paramedic Jerry Sipe from a tour of duty protecting our country and fighting terrorism in Afghanistan.

On behalf of the city I want to thank those who have joined our organization and those who continue to serve in new promotional positions. The City is grateful for the dedication, time, and knowledge the residents and visitors to Florence receive from a group of worthy public servants. You all make the City of Florence a better place and we truly appreciate you.

Last year our city departments continued to implement the various programs we have instituted over the years.

The Fire/EMS Department continues to operate two fire stations 24 hours a day, seven days a week with 52 paid personnel. We also provide volunteer staffing at our third fire station on Main Street. We count on our volunteers who make themselves available to complete our Fire & EMS department, and allow us to maintain our high level of service to the community. Volunteers are one of our greatest assets and we are

extremely grateful they have committed to spend their time and energy with the City of Florence.

The City now has an authorized strength of 61.5 sworn police officers, offering a multitude of programs keeping our community safe. In September, we celebrated our police department's 50<sup>th</sup> Anniversary, with an open house at police headquarters at the Government Center. All officers were issued commemorative badges and there were several other events throughout the year.

Our 65 member Public Services Department continues to keep our community looking first class by professionally managing and maintaining streets, sidewalks, buildings, grounds, fleet services, water, sanitary sewer, storm water, capital improvements, GIS services, urban forestry, code enforcement, and the complaint/request program.

Road improvements are completed or nearly complete on 35 city streets. Sidewalks were installed on four streets, and various sidewalks were replaced throughout the city as needed.

During the past year, the Public Services Department coordinated and supervised water main replacement on Miriam Drive and Wallace



Avenue, in addition to repairing 60 main breaks and 70 service leaks. Also, all manual read water meters were upgraded to automated read.

The Code Enforcement Board continues to have a positive impact on our community resulting in a more effective and rapid resolution of violations. Our snow removal program is second to none and receives compliments and praise every time we are called into service.

This year, the City accepted the bid for trash removal services from Rumpke of Kentucky. This transition will result in a more efficient collection of garbage for our residents who are now receiving once a week pickup at a cost of \$3.12 per month, one of the lowest rates in the region.

Our commitment to provide top quality recreational facilities for our residents continues as we begin the seventh year of operation of our Family Aquatic Center on the Government Center campus. The Florence/Boone County Skate Park is also in its seventh year of operation on the Government Center property and it continues to be a regional favorite.

Our tree planting program is continuing, thanks to the efforts of the Urban Forestry Commission and the willingness of this and prior councils to budget funds for the projects. The City's beautification strategy is a positive enhancement to our city, and included in this year's budget –

supplemented by a grant for over \$400,000 – are funds for the Turfway Road beautification project.

Finally, the Administrative Department is made up of the Mayor's Office, Finance, and City Clerk. They provide general management of city operations, support in the form of tax collection and licensing, water bill collections, economic development, the city's human resources needs, records maintenance by the City Clerk, computer infrastructure, as well as public relations and coordination of community events. The department also produces new resident orientation information packets designed to help the newest members of our community become familiar with all the programs and services the City has to offer. The support services provided by the Administrative Department are an important and sometimes forgotten part of the smooth operation of city government. As we all know, the past two years have presented tremendous economic challenges to our nation. While we are fortunate that we are in a region of the country that has not been impacted as severely as other areas, we have clearly been impacted by the slowing of both residential and commercial growth and development.

The proposed budget includes funding for the development of a Senior Citizens Center at the former city building site on US 42. Grant funding will be pursued to help the city offset the cost of this amenity for our growing senior population. The World of Sports redevelopment is included in the budget. This redevelopment will result in the World of Sports complex becoming a 21<sup>st</sup> century family and community focused recreational destination. Also included is a new fire substation to be located in the Houston Road corridor.

In addition to all of these primary city services, we also provide many public enrichment activities.

We held a successful Youth in Government program again this year partnering with Boone County Schools. The three-day and one-evening event provided the opportunity for approximately 1000 elementary school students with an opportunity to learn about the various functions and duties of the Mayor and City Council, the Police Department, Fire Department, Public Services Department, and Administrative Department. Youth in Government program was also offered on a Tuesday evening before a City Council meeting to provide parents, children, and scout troops the opportunity to learn about their City government as well.

The City will once again partner with our local civic groups and businesses to host various events to help us facilitate our sense of community. The popular neighborhood nights out, a Labor Day parade, an expanded July 4<sup>th</sup> celebration and fireworks display, the annual Halloween event, Veteran's Day event, the Christmas tree lighting and various other events are planned throughout the year. These partnerships and donations help to greatly offset the cost of these functions.

The community meeting rooms here at the Government Center continue to be well used and provide an added benefit to our citizens and community groups who require a safe and affordable place to hold meetings. The Veterans Memorial remains a source of pride and provides the perfect backdrop for community events held, including the Memorial Day ceremony, and Veterans Day.

The Northern Kentucky Area Development District operates a satellite office in the Government Center which provides the needed space for the operation of the WIA Youth Program and the Kentucky Works Program. Also located in the Government Center are the satellite offices for the Boone County Circuit Court Clerk and the Boone County Clerk. This provides the citizens of Florence as well as other parts of Boone County

with the ability to renew driver's licenses and automobile tags without making a trip to Burlington. These other government office operations are one more way the city provides one-stop access to local and state government offices and services.

Thanks to state and federal funding, there are many positive developments to share that will stand not only our City, but the entire region, in good stead as we go into the future and when the economic indicators begin to become more positive. This coming year, we will see the completion of Phase I of Industrial Road's reconstruction from US 42 to US 25. This reconstruction to a five-lane road with sidewalks will significantly improve traffic flow to and from companies in the region's largest industrial park. Also, Phase II of Industrial Road's reconstruction from US 25 to Turkeyfoot Road was funded in the state's road plan. While only a small portion of Phase II of the road is in the City of Florence, this will be a nice continuation of Phase I and allow alternative ingress and egress from the industrial park.

I am happy to report that we were also successful in securing state funding for one of the most important economic development priorities for our region in the redevelopment of Mall Road. Governor Steve Beshear

recommended \$13 million in funding for the redevelopment of Mall Road, and the legislature agreed with his recommendation, keeping the funding for Mall Road's redevelopment in the road plan. This is an important economic development and transportation reconstruction project as over the last two years, more than \$30 million dollars worth of private construction and redevelopment occurred along the Mall Road corridor.

These vital and imperative projects are able to move forward – in part – by federal transportation stimulus funds received by the Commonwealth. One such project that is directly impacted by federal stimulus funding is Pleasant Valley Road. Pleasant Valley will be able to be reconstructed and expanded from Valley View to U. S. 42 through the utilization of these federal dollars. This will relieve a major congestion area for several hundred Florence residents.

In closing, I would like to mention that the members of City Council and I appreciate the confidence you have placed in us to serve you as your local elected officials. We take this responsibility seriously and we are committed to making decisions that are in the best interest of our community.

We understand the City operations are literally a 24/7 operation, whether we are asked to respond to a 9-1-1 emergency call, perform snow removal, respond to a traffic accident, repair a water line break, or address a citizen's concern. We understand and appreciate every decision made and/or service offered will affect at least one person in the community, and that a local government cannot exist, or function without its residents and business community. We encourage any member of our community to contact your elected officials, or a member of City staff if you have a concern, need assistance, or just need information.

The city remains committed to our biggest asset and that is the people who work and volunteer to provide the very best service to our citizens. No matter what we identify as needs within our city budget, the implementation and execution of those needs fall on the shoulders of our employees and volunteers. It is through their hard work and dedication that our community remains safe, attractive, affordable and fun. We truly appreciate their efforts!

The proposed Fiscal 2010 budget makes the best use of taxpayer funds, maintains our high level of service and is fair. As I remind you each

year, the budget is a working document, subject to change, as needed throughout the year as Council deems necessary and appropriate.

Our dedication to providing the highest level of service at the lowest possible cost remains our goal. Again, I would like to express my sincere thanks to our employees, the many volunteers and each of you on council for your dedication, support and encouragement. There will most certainly be many challenges facing Council in the future, but I am confident the decisions we make will be in the best interest of the city. Our future is bright. I look forward to the completion of these and many other projects during the next fiscal year. We continue in the knowledge that Florence is a great place to live, work and play and our commitment is to make it even better.